

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
TRAVIS MAGDALENA SCOTT,)
)
 Defendant.)

INFORMATION

CR 11-144 DWF

(18 U.S.C. § 1343)

(18 U.S.C. § 1957)

THE UNITED STATES ATTORNEY CHARGES THAT:

COUNT 1
(Wire Fraud)

1. From at least June 2008 to December 2008, within the State and District of Minnesota and elsewhere, the defendant,

TRAVIS MAGDALENA SCOTT,

devised and executed a scheme to defraud and to obtain money by means of false and fraudulent pretenses, by submitting false insurance claims, obtaining proceeds of insurance policies from Zurich North American, and then using the money for personal gain.

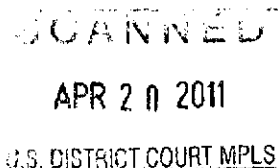
2. Specifically, the defendant had in place an insurance policy from Zurich North America for Security Management Technologies (SMT), a business owned and operated solely by the defendant. The insurance policy was a property and casualty business line that covered both the property of the business (super computers) and business interruption from loss of use of this property. If damage/loss were to occur to the property, the defendant would have the option of taking "cash value of the property," as determined by Zurich, or choosing a "replacement

FILED **APR 20 2011**

RICHARD D. SLETTEN, CLERK

JUDGMENT ENTERED _____

DEPUTY CLERK'S INITIALS _____



option," which would replace the property (in this case, super computers) up to policy limits of \$9.5 million.

3. The insurance policy also covered "business interruption" in the event of damage to the property.

4. On June 1, 2008, almost one year after purchasing the SMT policy, the defendant reported to Zurich that his business had been struck by lightning and sustained damage to his computer equipment. Rather than take the option under the policy to be reimbursed for the cash value of the property, Scott informed Zurich that he was choosing the "replacement option" for up to the policy limits of \$9.5 million.

5. In June 2008, Scott contacted Silicon Graphics, Inc. (SGI) in Eagan, Minnesota, purportedly to order replacements for the damaged supercomputers. Scott began ordering a supercomputer system for approximately \$11.5 million, but never completed the order, nor paid for any of the system. He represented to Zurich, however, that the new system had been delivered, and, in reliance on the defendant's misrepresentations, Zurich delivered three checks to Scott in payment of the property insurance claim, for a total of approximately \$9.5 million. Scott did not use this money to purchase replacements for the "damaged" property, and instead kept it or used it in part for personal gain.

6. Zurich also paid the defendant over \$1.9 million for business interruption, based in part on an analysis of the profits of SMT as reported by the defendant, including a 2007 tax return.

The information provided by the defendant to support the business interruption claim, however, including the 2007 tax return, was false.

7. Through the above-described scheme, the defendant stole at least \$7,000,000.

8. On or about August 13, 2008, in the State and District of Minnesota, the defendant,

TRAVIS MAGDALENA SCOTT,

for the purpose of executing the above-described scheme and artifice, did knowingly cause a wire communication to be transmitted, in interstate commerce, namely, correspondence sent via facsimile to a representative of Zurich located in Illinois, from the defendant, located in Minnesota. The correspondence falsely stated: "As of August 12th all of the equipment has been delivered and the system is in the beginning stages of operation."

All in violation of Title 18, United States Code, Section 1343.

COUNT 2

(Transactional Money Laundering)

9. On or about August 19, 2008, in the State and District of Minnesota and elsewhere, the defendant,

TRAVIS MAGDALENA SCOTT,

knowingly engaged and attempted to engage in a monetary transaction by, through, and to a financial institution, affecting interstate commerce in criminally-derived property of a value greater than

\$10,000. Specifically, on August 19, 2008, Scott transferred \$290,000 from TCF Bank account #xxxxxxx5218, held in the name of the defendant's company Air Data Systems, to TCF Bank account #xxxxxxx2960, held in the name of the defendant's company Digital Media Solutions. He then immediately withdrew the money and completed a wire transfer, sending \$290,000 to Federal Aviation Title Company, LLC for the purchase of a Beech aircraft. The \$290,000 was derived from a specified unlawful activity, namely, wire fraud.

All in violation of Title 18, United States Code, Section 1957.

Forfeiture Allegations

Counts 1 and 2 of this Information are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(1), and Title 28, United States Code, Section 2461(c).

Upon conviction of the offense alleged in Count 1 of this Information, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Section 1343, including the following property:

- a. the real property and premises located at 10903 Purdey Road, Eden Prairie, Minnesota;

- b. the real property and premises located on Windmill Road, Taney County, Missouri; and
- c. all property seized on or about November 16, 2010 with seizure warrants issued by the U.S. District Court of the District of Minnesota.

Upon conviction of the offense alleged in Count 2 of this Information, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in such offense, or any property traceable to such property.

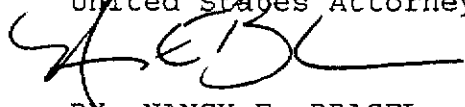
If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 1343 and 1957, and Title 28, United States Code, Section 2461(c).

Respectfully submitted,

Dated: April 20, 2011

B. TODD JONES
United States Attorney



BY: NANCY E. BRASEL
Assistant U.S. Attorney
Attorney ID No. 266851